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The Influence of Financial Statement variables on the Stock Price of Pharmaceuticals Sub Sector Companies

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Abstract

This study aims to examine the effect of Price Earnings Ratio (PER), Earnings Per Share (EPS), Price to Book Value (PBV), and Return on Equity (ROE) on Company Stock Prices in the Jakarta Islamic Index group on the Indonesia Stock Exchange. In this study panel data was conducted on secondary data obtained from the financial statements of the Pharmaceutical Sub-Sector companies, which amounted to 11 issuers in the 2015-2020 period. The analytical tool used is multiple regression analysis. In this study it was found that Price Earnings Ratio and Return on Equity, and Earnings Per Share simultaneously affected stock prices in Pharmaceutical Sub-Sector companies on the Indonesia Stock Exchange (IDX). Meanwhile, partially Price Earnings Ratio has no effect on the stock prices of Basic Industry sector companies on the Indonesia Stock Exchange (IDX). Next, the current ratio and debt to asset ratio affect the company's stock price in the Basic Industry sector on the Indonesia Stock Exchange (IDX).

Keywords: Price Earnings Ratio, Earnings Per Share, Price to Book Value, Return on Equity, and Stock Prices.

1. BACKGROUND

The capital market is one of the platforms prepared to facilitate the community's investment. The capital market can expand between those who need funds with those who want to channel funds into certain business sectors. Therefore, the existence of the capital market has become one of the most important financial instruments in the economy. The presence of the capital market can accelerate the mobilization of funds from the public into the productive sector (companies). The role of this intermediation is very strategic in encouraging increased economic activity that will have direct implications for the productivity and welfare of the community. The existence of the capital market can actually support the acceleration of

business expansion, improve capital structure, encourage the pace of development, and encourage investment, and obtain dividends for those who own shares and revenue sharing for sukuk holders (Permadhy, 2005).

The decision to invest in the capital market is inseparable from the level of income that will be obtained by every investor when investing in the capital market. Income is not only in the form of dividend income, but also income from capital gains, which is the difference between the purchase price and the selling price. If an asset (shares) can be sold at a price higher than the purchase price, it will get a capital gain. The amount of return from capital gains is very dependent on the increase in the price of assets (stocks) at the time of sale. The higher the price increase, the higher the capital gain income received, and vice versa. The stock price reflects the value of the company which is a representation of the performance of the issuer (company) (Harmono, 2009: 233). Therefore, the movement of stock prices is usually greatly influenced by the performance of their issuers.

In line with that, investment decisions by investors often make the company's performance as a reference in choosing a company as an investment destination. Company performance can be analyzed using the fundamental analysis approach, which is an analysis of the company's financial statements. In the fundamental analysis approach financial ratios are used as a measurement tool in assessing the company's financial condition and company performance. As for the financial ratios referred to, among others, return on Equity (ROE), Return on Assets (ROA), Return on Investment (ROI), Current Ratio (CR), Net Profit Margin (NPM), Earnings Per Share (EPS), Price Earnings Ratio (PER), Price Book Value (PBV), and other financial ratios (Kasmir, 2010: 196). However, to assess the overall performance of each sector and sub-sector in the Indonesia Stock Exchange (IDX) can be done by using the sectoral index value with the assumption that the movement of the sectoral stock price index reflects the company's performance in the sector. In this regard, it is interesting to re-examine whether there is a connection, relationship or influence between financial ratios and the company's stock price.

One of the sectors or sub-sectors of companies that are on the Indonesia Stock Exchange which is considered to perform well in recent years is the Pharmaceuticals Sub Sector. Companies that are incorporated into the Pharmaceuticals Sub Sector are companies that produce all types of medicines. Companies that produce medicinal products have a fairly good market power, because they are related to the needs of people who experience health problems. Health problems are very vital problems, because if they cannot be handled properly, they can lead to the risk of death, or even other bad things. So urgent, the problem of health makes medicine very essential for its existence. Whatever the costs required, if related to the efforts to cure health problems will be willing to be sacrificed. Meanwhile, handling health problems is very closely related to drugs. Medicine and disease are two inseparable sides. Once the importance of drugs for people experiencing health problems makes drug products expensive. Because of that, it is also very reasonable, if the company's performance in this sector tends to perform well in the last few years. This can be seen from the growth in transaction volume, transaction value, and market capture as shown in the following table.

Table 1

Transaction Volume, Transaction Value, and Market Capitalization in the Pharmaceuticals Sub Sector

Period	Total Emiten	Transaction Volume	Transaction Value	Market Capital
2015	11	1,914,218	1,349,177	90,431
2016	11	20,095,594	29,141,505	124,257
2017	11	7,620,788	12,787,219	135,506
2018	12	6,752,266	9,722,521	131,356
2019	12	7,988,476	12,520,257	115,889
2020	11	648,947	2,563,762	287,909

Source: IDX. Monthly Statistic, 2015- 2020

Based on the table above shows that the transaction volume, transaction value, and market capitalization in the last five years at Pharmaceuticals Sub Sector companies showed a fairly volatile movement in the last five years. This situation naturally raises questions. Is the movement of transaction volume, transaction value, and market capitalization in the sector, due to the issuer's performance which also tends to be inconsistent in the same period? The performance of issuers that tend to be inconsistent will have implications for the movement of the company's stock prices, as a result of the reaction patterns practiced by investors in asking for shares that have tended to be influenced by the level of returns (returns) that will be obtained from each investment decision made. A company that performs well, certainly promises potential revenue from good returns, both from the high dividend distribution, and capital gain income as a result of rising stock prices by the company. Thus, a company that performs well tends to be attractive to many investors, so that it can push the company's stock price to rise. Based on this phenomenon, the researcher is interested in testing the extent of the relationship between the performance of the issuer and the movement of company stock prices in the Pharmaceuticals Sub Sector by using indicators of financial ratios. Financial ratios are values that can be used to measure a company's financial condition. Investment decisions by investors often pay attention to the ratios to estimate the magnitude of the rate of return of each investment decision that will be made.

The decision to choose an investment instrument is greatly influenced by the expected expectations of the return that will be obtained from each investment

decision. The potential income from each investment is largely determined by the performance of the issuer. Therefore, the fundamental analysis approach by using indicators of financial ratios in assessing the performance of each issuer becomes very important to consider in the investment decision making process with the assumption that the company's stock price is a performance measure that can explain the value of the company (Harmono, 2009: 233). The intended value is the value of fundamental factors, including, current ratio (CR) price Earnings ratio (PER), return on equity (ROE), return on investment (ROI), net profit margin (NPM), Earnings per share (EPS), and other financial ratios. However, in this study, researchers only chose four variables that were considered sufficient to represent information from other financial ratio variables, namely the variable price Earnings ratio (PER), Earnings per share (EPS), price to book value (PBV), and return on equity (ROE).

Accordingly, although financial ratios are important indicators to consider in the investment decision-making process, in some previous research results, they still show different results, such as the results of research conducted by Michael Aldo Carlo (2014: 1) and Kamar (2017: 1), it was found that the Return on Equity (ROE) variable had a positive and significant effect on stock returns, while the Price Earnings Ratio (PER) variable had no effect on stock returns. Research conducted by Tita Deitiana (2013: 82) found that Return on Equity (ROE) affects stock prices. Following, research conducted by Sebastian Laurens (2018), found that Earnings per Share (EPS) and Price Book Value (PBV) affect stock prices. The same research conducted by Cahyaningrum and Antikasari (2017: 1) found that EPS, PBV, ROA, and ROE partially and simultaneously affected the stock price. In contrast to the results of research conducted by Sriwahyuni and Saputra (2017), the study found that Return on Equity (ROE) and Earnings Per Share (EPS) together had no significant effect on stock prices. Likewise, with the results of research conducted by Pratama and Erawati (2014: 1), and Watung (2016), it was found that Earnings per Share (EPS) had a positive effect on stock prices while Return on Equity (ROE) had a negative effect on stock price. Research conducted by Anwar and Rahmalia (2019: 1), found that ROE has a positive and significant effect on stock prices, while EPS and PER have no significant effect on stock prices. However, simultaneous ROE, EPS, and PER significantly influence stock prices.

Also different from the results of research conducted by Viandita (2013: 113), it was found that Price Earnings Ratio (PER) and Earnings Per Share (EPS) had a significant effect on stock prices. Following, research conducted by Purnamasari, et al., (2014: 12), in that study found that Price Earnings Ratio (PER) had a positive effect on stock returns, while Return on Equity (ROE) and Earnings Per Share (EPS) no effect on stock returns. Research conducted by Utami and Darmawan (2019: 1), found that Earnings per Share (EPS) has a positive and significant effect on stock prices, while Return on Equity (ROE) has no significant effect on the stock prices of Islamic companies listed in Indonesia Stock Exchange (IDX). Research

conducted by Atidhira and Yustina (2017), found that EPS has a positive and significant effect on stock returns. Research conducted by Pankaj Kumar (2017: 1), found that EPS is very strong in predicting stock market price movements, while PER has a significant impact in predicting stock market price movements.

Differences in the results of several studies conducted by several previous researchers with different time and issuers, the researchers consider that this research is still very feasible to proceed in order to provide reinforcement of the results of previous studies. Based on this background and starting with the description above, researchers are interested in researching about "The Effect of Price Earnings Ratio (PER), Value Price to Book, Return on Equity (ROE), and Earnings Per Share (EPS) Against the Company's Share Price in the Group Jakarta Islamic Index "

Overview of Theories and Concepts

a. Capital market

According to Law No. 8 of 1995, article 1, paragraph 13 concerning the capital market, it is explained that, the capital market is an activity concerned with public offering and trading of securities, public companies related to the issuance of securities, and institutions and professions related to securities (Law, No.8 of 1995). The capital market is a meeting between parties who have funds and those who need funds by trading securities (Tandelilin, 2010: 26)

b. Stock

Shares are proof of ownership of capital or funds in a company, paper that is clearly listed in nominal value, the name of the company and is followed by rights and obligations that are explained to each holder, inventory that is ready for sale (Siegel and Shim, 1999).

The investment guide book in the Indonesian Capital Market (2003) explains that, shares are certifications that show proof of ownership of a company, and shareholders have claim rights to the company's income and assets. Shares can be defined as a sign of ownership or ownership of a person or business entity in a company or limited liability company. A tangible stock of paper which explains that the owner of the paper is the owner of the company that issued the securities. The portion of ownership is determined by how much investment is invested in the company (Darmadji, Tjiptono and Fakhruddin, 2006).

c. Price of Stock

The price of a stock is strongly influenced by the law of demand and supply, the price of a stock will tend to go up if a stock experiences excess demand and tends to go down if there is an oversupply. Stocks are one of the market securities generally

sold on the capital market (Stock Exchange). Shares are proof of equity participation in a limited liability company (Husnan, 1994)).

Stock prices can be divided into three, namely: Nominal Prices, initial prices, and market prices. The nominal price is the price listed in the share certificate determined by the issuer to assess each share issued. Then, the nominal price is the price stated on each share of the company in accordance with its founding deed. Nominal shares will be adjusted if the company makes a stock split or reverse stock. Meanwhile, the initial price is the price determined when the company's shares are listed on the stock exchange. The initial price is the selling price of the underwriter agreement to investors. After the hash is listed on the stock exchange, the price will then be regulated by a market mechanism. Thus, the price formed is called the market price, i.e. the selling price of one investor to another investor. Transactions here no longer involve issuers from underwriters of this price which are referred to as prices in the secondary market and this price truly represents the price of the issuing company, because in transactions in the secondary market, there is very little negotiation between investor prices with the issuing company. Prices available on a daily basis will be announced through various public information media (Jogiyanto, 2008).

Fundamental Analysis

Fundamental analysis is an analysis of company performance conducted using internal data (fundamentals). Internal data in question is data sourced from the company's financial statements. The data can be used to measure company performance through financial ratio analysis approaches, including Price Earnings Ratio (PER), Price to Book Value (PBV), Earnings Per Share (EPS), Return on Equity (ROE), Return on Investments (ROI), Current Ratio (CR), Net Profit Margin (NPM), Debt to Equity Ratio (DER), Debt to Asset Ratio (DAR), and so on. From the results of the analysis of financial ratios, we can provide an assessment of the companies that have been analyzed. Then, from there we can draw the conclusion that, whether the company's shares are feasible or not.

a. Price Earnings Ratio (PER)

Price Earnings Ratio, Price to Book Value, and Return on Equity are often taken into consideration in making portfolio investment decisions. This ratio gives enough confidence in choosing the right issuer. Price Earnings Ratio (PER), Return on Equity (ROE), and Earnings Per Share (EPS) analysis approaches are estimated to be effective enough to be used to see the best Issuers. Price Earnings Ratio is a comparison between the share price of a company with Earnings per share (Elleuch, 2009). Thus, PER is an indicator in measuring dividend growth and the ability to calculate the magnitude of stock returns (Ang and Bakaert, 2004). PER is often interpreted as the speed of return on investment. The smaller the value of PER, the faster the return on investment, so that it can increase the interest of investors to buy company shares. According to

Tandelilin (2010), Price Earnings Ratio (PER) can be calculated using the following formula:

PER = Stock price / Earnings Per Share

b. Earnings Per Share (EPS)

Earnings per Share (EPS) is a ratio that reflects the level of the company's ability to generate profits from each share owned by investors. In the process of decision making by Investors, often analyzing the amount of profit obtained from each share of the company. Earnings per Share is a comparison between the amount of net income the company has obtained with the number of shares outstanding. Through the Earnings per share analysis approach, investors will get information related to the magnitude of net profit growth for each share that the company has acquired. Earnings Per Share (EPS) ratio can be used to estimate the level of profit that investors will get if they invest their funds in a company by buying their shares. Therefore, the Earnings per share (EPS) ratio can be used as a reference by investors in the decision-making process of choosing an issuer (Karnadjaja, 2009) see also Jusni, et.al (2019). Earnings per Share Ratio can be calculated using the following formula:

EPS = Net profit / Price to book value

c. Price to Book Value

Price to book value (PBV) is a comparison between market value and book value of an asset. The ratio will provide information, related to the level of share prices at an issuer. Through price to book value analysis, investors will get information, whether the stock price of a company is categorized expensive or not. According to Sihombing (2008), Price to book value is a value that can be used to compare company stock prices more expensive or cheaper. The higher the value of the Price Book Value ratio, it is assumed the higher the company's stock price, or in other words the price of the stock is getting more expensive, and vice versa (Jogiyanto, 1998). Therefore, Price to book value (PBV) is often taken into consideration by investors in

choosing an issuer as an investment destination. Price to Book Value (PBV) can be calculated using the following formula:

PBV = ——————————

Price per share Book value per share

d. Return On Equity (ROE)

Return on Equity (ROE) is one of the profitability ratios that reflects the level of the company's ability to generate profits for each of its shareholders, based on the amount of each capital that has been invested by investors in a company (Tandelilin, 2001). The higher the value of ROE, the better the investor's assessment of the company. The Return on Equity (ROE) ratio reflects the level of income each investor earns when buying company shares. The higher the ratio of return on equity, the higher the potential returns to be obtained by each investor, so it should be. Therefore, if the Return on Equity ratio is considered high by investors, it can encourage investors to buy company shares. The demand for shares by investors who tend to increase, on an issuer can cause the company's stock price to increase, and vice versa (Tandelilin, 2010). Return on Equity (ROE) can be calculated using the following formula:

ROE =Net profit ____ Total Capital Alone

3. RESEARCH METHODOLOGY

This research uses explanatory research design (confirmatory). This study confirms the influence of Price Earnings Ratio (PER), Price to Book value (PBV), Earnings Per Share (EPS), and Return on Equity (ROE) variables on the company's stock price. This design is used because research confirms the relationship or influence between variables or constructs. This is in line with what has been stated by Zikmund (1994), that casual research is designed to identify casual and effect relationships between variables.

The object of research is the Pharmaceuticals Sub Sector company listed on the Indonesia Stock Exchange in the period of 2015 to 2020 was 11 companies. Then, the object of research is the share price of the Pharmaceuticals Sub Sector company which has been published on the Indonesia Stock Exchange (IDX) website.

Research Data

This study uses panel data from secondary data obtained from Monthly Statistics published by the Indonesia Stock Exchange (IDX), including Price Earnings Ratio data, Price to Book value, return on Equity, Earnings Per Share, and stock price closing data for Sub Sector Companies Pharmaceuticals which were listed on the Indonesia Stock Exchange in the period of 2015 to 2020.

Analysis

Before the data are analyzed, a classic assumption test is performed to ensure that the data are in a normal, linear state, and there are no multicollinierities, nor hetero-sciences.

Assumptions of the Classic Linear Regression Model

- **Normality Test**

The criteria used to declare whether or not the data is normal is the minimum data distribution skewness value of -1 and the maximum value of +1 (-1≤ skewness data≥ +1). Based on the analysis, the skewness value of each variable is between -1 and 1, that is, the value of Sk (X1) = 0.084 <1, Sk (X2) = 0.420 <1, Sk (X3) = -0.071 <1, Sk (X4) = 0.056 <1, Sk (y) = 0.898> 1. Thus the normality test criteria of the data distribution are met

- **Linearity Test**

The criteria used to express the relationship between the data distribution of the dependent variable (Y) to the independent variables (X1, X2, X3, and X4,) are expressed linearly if the linearity coefficient F-observation is greater or equal to the value of the F-table at 95 percent significance level. Based on the results of the analysis, 3 obtained the calculated F value of 26.981 with a significance of 0,000 then the linearity test of the data distribution was fulfilled.

- **Multicollinierities Test This test can be seen from the value of Variance Inflation Factor (VIF) with a criterion of VIF value <10. Based on the analysis results, obtained VIF value of each independent variable is smaller than 10, namely VIF (X1) = 1.493 <10, VIF (X2) = 1.383** <10, VIF (X3) = 1,595 <10, VIF (X4) = 2,734 <10. Thus there are no symptoms of multicollinierities of the data distribution because the VIF value of all variables is smaller than 10. (Strong relationship between independent variables)

- **Heteroscedasticity Test**

Heteroscedasticity testing is done by Spearmen's rank (r) test. Based on the analysis results, the value of rs (X1 and Y) = -0.310 with, sig 0.029, rs value (X2 and Y) = 0.060 with sig 0.009, rs value (X3 and Y) = 0.486 with sig 0.000, rs value (X4 and Y) = -0,647 with sig 0,000. Thus there are no symptoms of heteroscedasticity from the distribution of data. (Inequality of variance of residuals for all observations in the regression model).

- **Autocorrelation Test**

Autocorrelation testing is used by knowing the value of the Durbin Watson test, with a 4-D criteria count> D table. Value of D table = 1.721 for N = 50 and K = 4. Based on the analysis results, the calculated D value = 1.360 so that 4-1,825 = 2.175> D table = 1.721. Thus there

are no symptoms of autocorrelation in the distribution of data. (Relationship between previous data and consecutive following data).

- **Multiple Regression Analysis**

In this study using multiple regression analysis models (multiple regression method) on independent variable data, namely, Price Earnings Ratio (X1), Earnings Per Share (X2), Price to Book Value (X3), Return on Equity (X4) to variables The dependent one is Share Price (Y) by using the help of SPSS software version 26. The multiple regression model is stated as follows:

Y = 0.432-0.041X1 + 0.108X2 + 0.051 X3 + 0.640X4

. The value of the regression coefficient for each independent variable, the value of R, the value of R2, the value of adjustments and the calculated f value can be seen in the following tables 2 and 3:

Table 2

Estimation Result of R, R^2, and Adjusted R

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.840[a]	.706	.680	.43397

a. Predictors: (Constant), X4, X2, X1, X3

Table 3

Estimation Result, Sum of Squares, Mean Square, and F

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.325	4	5.081	26.981	.000[b]
	Residual	8.475	45	.188		
	Total	28.800	49			

a. Dependent Variable: Y

b. Predictors: (Constant), X4, X2, X1, X3

4. ANALYSIS AND DISCUSSION

Some decisions that can be taken from Table 2 are first, the value of R = 0.840 or 84.0 percent is the value of the valuation coefficient, this value means the relationship between independent variables, namely: Price Earnings Ratio (X1), Earnings Per Share (X2), Book Value Price (X3), Return on Equity (X4) to Share Price (Y), is quite strong. Value R2 = 0.706 is the coefficient of determination. Variable values mean independent variables that

can explain the dependent variable by 70.6 percent and the remaining only 29.4 percent of the variable variations are not accepted in the model. Thus this model is quite feasible.

Hypotheses Testing

- **Simultaneous Test (F Test)**

Second, the f test is used to prove the simultaneous effect of the independent variable on the dependent variable. From the count = f count = 26.891 with a significance of 0,000, then this means that the f count is greater than ftabel = 2.579 with a significant significance of 5% with Ho rejected and H1 accepted, thus simultaneously being significantly related between Price Income Ratio (X1), Profit Per Stock (X2), Price to Book Value (X3), Return on Equity (X4) to stock price (Y). Furthermore, the individual relationship between independent variables and variables can be seen in table 3 below:

Table 4
Result of Estimation of Regression Analysis in Every Independent Variables of Dependent Variables

Coefficients[a]

Unstandardized Coefficients				Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	.432	.721		.599	.552
	PER	-.041	.077	.052	-.530	.599
	EPS	.108	.027	.381	4.008	.000
	PBV	.051	.091	.057	.559	.579
	ROE	.640	.091	.942	7.047	.000

a. Dependent Variable: HS

Symbols:

*. Correlation is significant at the 0.05 level (2-tailed).

**.Correlation is significant at the 0.01 level (2- tailed).

Y = Stock price (Desimal) X1 = *Price Earnings Ratio* (Ratio) X2 = *Earnings Per Share* (Ratio) X3 = *Price Book Value* (Ratio)
X4 = *Return on Equity* (Ratio) bo= Constanta

- **Partial Test (t test)**

Third, t test is used to partially test the effect of independent variables on the dependent variable. From the estimation results obtained a constant value of 0.432. This value means, if the net profit margin (X1), debt to equity ratio (X2), return on equity (X3), and Earnings per share (X4) are constant, then the share price of the Pharmaceuticals Sub-Sector Company (Y), by 0.432 points.

Effect of Price Earnings Ratio (X1) on the Stock Price of Pharmaceuticals (Y) Sub Sector companies. From the estimation results, the Price Coefficient Ratio (PER) regression coefficient is obtained of -0.041. This value means that if the Price Earnings Ratio (X1) ratio is increased / decreased by 1 unit, the share price of the Pharmaceuticals Sub Sector (Y) company will increase / decrease by -0.041 units, assuming another independent variable is constant. And the value of t = 0.530 significant = 0.599, then this means that t count is smaller than t table 2.014, with a significant level of 5%. Then Ho is accepted and H1 is rejected. Thus, there is no significant effect between the X1 variable on Y.

The results of this study can be explained that, Price Earnings Ratio (PER) does not have a significant effect on investors' decisions in buying shares in Pharmaceuticals Sub Sector Companies. These findings indicate that, changes in the value of Price Earnings Ratio (PER), tend to be responded negatively by investors. However, this information is not enough to influence investors' decisions to buy company shares, so the influence of these variables tends not to be strong in influencing the movement of company stock prices. The results of this study contradict with the PER as one of the important information to consider in the decision making process of stock portfolio investment. While PER is an indicator that can be used to measure dividend growth and calculate the magnitude of return (return) of each stock portfolio. Price Earnings Ratio is also often interpreted as a measure of speed in return on investment. The smaller the PER ratio, the faster the payback period for investment, and vice versa.

Effect of Earnings per Share (X2) on the Stock Price of Pharmaceuticals (Y) Sub Sector companies. From the estimation results obtained value of Earnings per share (EPS) regression coefficient of 0.108. This value means that if the Earnings Per Share (X2) ratio is increased / decreased by 1 unit, the share price of Pharmaceuticals Sub Sector (Y) will increase / decrease by 0.108 units, assuming other independent variables are constant. And the t-count = 4,008 significant = 0,000, then this means that the t-count is greater than t table 2,014, with a significant level of 5%. Then Ho is rejected and H1 is accepted. Thus, there is a significant effect between the X1 variable on Y.

The results of this study can be explained that, Earnings per Share (EPS) has a significant influence on investor decisions in buying company shares in the Pharmaceuticals Sub Sector. This finding indicates that, if the Earnings per share

(EPS) ratio tends to increase, investors will respond by increasing the demand for their shares in the sector. Demand for stock prices by investors who tend to increase can push the company's stock prices to increase. Earnings per share ratio is one of the important information that is always considered by investors in the decision making process of stock portfolio investment. Earnings per share (EPS) ratio reflects the level of the company's ability to generate profits from each share owned by investors. Therefore, through the Earnings per share analysis approach, investors can estimate the amount of return that will be obtained when buying company shares.

Effect of Price to Book Value (X3) on the Stock Price of Pharmaceuticals (Y) Sub Sector companies. The estimation results obtained from the Price to Book Value (PBV) regression coefficient of -0.051. This value means that if the Price to Book Value (X3) ratio is increased / decreased by 1 unit, the share price of the Pharmaceuticals Sub Sector (Y) company will increase / decrease by -0.051 units, assuming other independent variables are constant. And the value of t-count = -0.559 significant = 0.579, then this means t arithmetic is greater than t table 2.014, with a significant level of 5%. Then Ho is accepted and H1 is rejected. Thus, there is no significant effect between the X1 variable on Y.

The results of this study can be explained that the price to book value (PBV) ratio has no significant effect on investors' decisions when conducting stock transactions. These findings indicate that, the response by investors to changes in the price to book value ratio is very weak. Therefore, changes in the value of the price to book value ratio tend not to have a significant effect on the demand for shares in Pharmaceutical Sub Sector companies, so that the effect on the movement of company stock prices is also weak. The results of this study indicate that PBV is not a piece of information that is important enough to be considered in the decision making process of stock portfolio investment. Meanwhile, Price to Book Value (PBV) is an indicator that can provide information, related to the development of stock price levels in an issuer. Through the price to book value analysis, investors will get information, whether the stock price of a company is categorized as expensive or not, because the higher the value of the Price Book Value ratio, it is assumed the higher the company's stock price, or in other words the price of the stock is more expensive, vice versa.

Effect of Return on Equity (X4) on the Stock Price of industrial consumer goods companies (Y). From the estimation results, the Return on Equity (ROE) regression coefficient value is 0.640. This value means that if the ratio of Return on Equity (X4) is increased / decreased by 1 unit, the share price of the Pharmaceuticals Sub Sector (Y) company will increase / decrease by 0.640 units, assuming other independent variables are constant. And the value of t = 7.047 significant = 0.000, then this means that t count is greater than t table 2.014, with a significant level of 5%. Then Ho is rejected and H1 is accepted. Thus, there is a significant influence between the variables X1 on Y

The results of this study can be explained that, return on Equity (ROE) has a significant

influence on investors' decisions to buy shares in Pharmaceutical Sub- Sector companies on the Indonesia Stock Exchange (IDX). These findings indicate that, changes in the Return on Equity (ROE) ratio which tend to increase will be responded positively by investors by increasing demand for their shares in the company. Demand for shares by investors tends to increase, it can encourage the price of company shares in the sector to increase, and vice versa. Return on Equity (ROE) is one of the profitability ratios that reflects the level of the company's ability to generate profits for each of its shareholders, based on the amount of each capital that has been invested by investors in a company. The higher the value of ROE, the better the investor's assessment of the company.

5. CONCLUSION

Based on the background description and discussion of the research results, the research conclusions can be formulated as follows:

- This study shows that Price Earnings Ratio (PER) has a negative and insignificant effect on the Stock Price of Pharmaceuticals Sub Sector companies in the Indonesia Stock Exchange (IDX). Thus, if the PER ratio tends to increase, then stock demand by investors will tend to decrease, but the effect is not significant.
- In this study shows that Earnings per Share (EPS) has a positive and significant effect on the Stock Price of Pharmaceuticals Sub Sector companies in the Indonesia Stock Exchange (IDX). It can also be explained that, if the EPS ratio tends to increase, the demand for company shares will also tend to increase, and vice versa.
- In this study shows that Price to Book Value (PBV) does not significantly influence the Stock Price of Pharmaceuticals Sub Sector companies in the Indonesia Stock Exchange (IDX). thus, PBV variables tend to be ignored by investors as one of the important information that can be considered in the decision making process of stock transactions.
- In this study shows that Return on Equity (ROE) has a positive and significant effect on the Stock Price of Pharmaceuticals Sub Sector companies in the Indonesia Stock Exchange (IDX). The results of this study indicate that investors have a high enough sensitivity to changes in the ROE variable, so the influence of the ROE variable on stock prices is very dominant in this study.

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